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SUBJECT: FRANCE AND BRAZIL: THE START OF A LOVE AFFAIR

Classified By: Classified By: Kathleen Allegrone, Minister Counselor, reason 1.4, b and d.

¶1. (C) SUMMARY: Considered "a love fest" by the MFA, the growing Franco-Brazilian relationship under Presidents Sarkozy and Lula is likely to result in more political, diplomatic, economic, and military engagement in the next three years and throughout Sarkozy's time in office. Committed to expanding France's role as a global player, Sarkozy is preparing for the French G-8 and G-20 presidency in 2011 with a foreign policy of reaching out to emerging powers in an effort to promote France's international clout. His direct involvement in the not yet concluded Rafale fighter jet sale to Brazil highlights his use of his personal ties with Lula to persistently court the regional giant and will serve as a model of French entree into Latin America and beyond. In Paris on November 14, Lula and Sarkozy met to address climate change issues which included an announcement that Sarkozy will travel to Latin America next week which we view as a continuation of the French President's charm offensive. Septels will address economic and environmental aspects of this bilateral relationship. Post welcomes Embassy Brasilia's comments on this assessment. END SUMMARY.

MOBILIZING THE EMERGING POWERS

¶2. (C) Highly encouraged by the growing importance of the G-20 precipitated by the economic crisis, President Nicholas Sarkozy is recalibrating his policies by increasingly courting populous, non-aligned states in the hopes of extending French international influence. Ahead of assuming both the G-8 and G-20 presidency in 2011, Sarkozy has been wooing what he calls "countries which are bridgeheads," or states with which France has traditionally not had a close relationship, and forming a body of allies that will help the GOF refashion its image as a key leader in a multi-polar world. (See septel on economic and G-20 issues.)

¶3. (C) In his August 26 annual address to French diplomats, Sarkozy declared that the G-8 should be expanded to include Brazil, China, India, Mexico, South Africa, and Egypt to form the G-14, or what he has dubbed with Lula as the &Alliance for Change,& promising to implement the change during the French G-8 presidency. Even before becoming President, he has demonstrated a policy of actively pursuing the potential six new members of the G-14 formation, starting with Brazil. Employing multi-billion dollar military and civilian trade deals as his calling card, Sarkozy has successfully managed to forge extremely close ties with Brazil in the past two years, picking up from where his predecessor Chirac left off in a previous attempt to woo the world's fifth most populous nation of 200 million.

LIKE "LOOKING IN THE MIRROR"

¶4. (C) Having first met in 2007, Brazilian embassy contacts in Paris described the initial bilateral meeting as the "start of the love affair" where Sarkozy and Luiz Inacio Lula da Silva discovered that they shared "a vision of a new multilateralism" in global governance and the view of Brazil

as a vast market and regional platform for France. Sarkozy has often remarked that the two agree on a "near totality of issues," including economic recovery, climate change, and security. Brazilian diplomats noted that the two men have very similar personalities and that Lula has often commented that looking at Sarkozy is like "looking in the mirror." The two leaders have put an emphasis on their warm personal chemistry and France's status as the only EU country sharing a border with Brazil, with French Guiana located just north of South America's largest country. The "unique" bilateral partnership and close friendship between the energetic Sarkozy and the charismatic and popular Lula is of particular note given that the Brazilian president does not speak English or French and the relationship is conducted almost exclusively through interpreters. Nonetheless, Brazilian diplomats based in Paris commented that the two men speak "a distinct common language" motivated by their drive to reshape the world order.

¶5. (C) Explaining that Chirac was responsible for starting the strategic relationship with Brazil based on the two countries' long history of common values, MFA Assistant Secretary for the Americas Elisabeth Beton-Delegue echoed the Brazilians on October 7, calling the friendship between Sarkozy and Lula a real "love story" and noted that Brazil represents one of France's diplomatic and commercial priorities in the Americas under the current French President. Sarkozy met with Lula four times in 2008 and has already held four bilateral meetings with his Brazilian counterpart in 2009. First Lady Carla Bruni did not participate in the French President's most recent trip to Brasilia to the disappointment of the Brazilian public, who reportedly greatly appreciate the fact that France's first couple often vacation in their country, according to the Brazilian embassy in Paris. Comment: We judge that Sarkozy takes full advantage of Carla Bruni's individual popularity and their popularity as a couple to advance French national interests in Brazil.

FRANCO-BRAZILIAN BILATERAL RELATIONS

¶6. (C) The close relationship between Sarkozy and Lula grew from solid foundations. As France's leading trade partner in Latin America, Brazil hosts over 420 French companies which employ approximately 400,000 people. French exports totaled over \$5 billion and Brazilian exports to France over \$6 billion in 2008. The Brazilians have a well established military relationship with the French that dates back to the mid-1980s, most recently including a \$12 billion arms and technology transfer deal passed by the Brazilian Senate on September 3, in which France will help Brasilia establish their nascent nuclear submarine program, according to Brazilian Embassy sources in Paris.

¶7. (C) In addition, Brazil is France's leading regional partner for cultural, scientific, and technical cooperation. Three French secondary schools in Sao Paolo, Rio de Janeiro, and Brasilia have a total of 2,200 students, half of which are French nationals. Considered the most culturally influential foreign country by our Brazilian diplomatic contacts, the Alliance Francaise in Brazil constitutes the oldest and most extensive in the world, with 74 establishments in 52 towns. Brazil is currently celebrating the "Year of France," with a series of cultural and cooperative events in commerce and technology to reciprocate the "Year of Brazil" in France in 2005. Their embassy in Paris noted that Brazil is currently engaging in tri-lateral cooperation with the French on agricultural projects in a host of African countries (Cameroon, Mozambique, Uganda) and are interested in developing their foreign policy initiatives in the region, as they have a large Afro-Brazilian population. Further illustrating the strength of the existing Franco-Brazilian ties, Paris mayor Bertrand Delanoë was made an "honorary citizen" of the city of Rio de Janeiro on October 27 by his counterpart mayor, Eduardor Paes, after the two men signed an agreement focused on the revitalization and renovation of Rio's port areas. Both countries also shared recent grief over the loss of 228 people onboard Air

France Flight 447 in June, when the Airbus A330 disappeared over the Atlantic Ocean during a Rio de Janeiro-Paris flight.

Over 500 relatives of the victims and 40 members of Air France held a memorial service on November 7 in Rio, with junior French minister Alain Joyandet, in charge of overseas cooperation, representing the GOF.

THE "F-X2" PROJECT

18. (C) Paris used the positive political climate to try to position the Rafale as the winner in the competition to equip the Brazilian Air Force with new fighter aircraft, in the hopes of edging out the American F/A-18 Super Hornet and the Swedish Gripen. Politically motivated, the Brazilian Foreign Ministry decision to publicly announce their intention to go with French company Dassault, which makes the Rafale, over the Brazilian Air Force's preferred Super Hornet stemmed from Lula's close relationship with Sarkozy. Although the deal known as "F-X2" or the fleet expansion is still unsettled, the French President did much to persuade his Brazilian counterpart to lean toward the French-made fighter jets in his two-day trip to Brasilia, where he dined with Lula and was the special guest at Brazil's September 7 Independence Day celebrations, which featured French Foreign Legion troops and an over-flight of French planes. In so doing, he attempted to demonstrate that his political ties with Lula are ultimately reinforced by industrial deals. Sarkozy presented the myth that France is the perfect partner for states that do not want to rely on U.S. technology, even though the U.S. has agreed in principle to transfer relevant technology if Brazil purchases the F-18. However, if the Rafale sale goes through, Dassault may have to request export-control licenses from the U.S. for parts built with American technology. Although the F-X2 decision has yet to be confirmed by Brazil, the GOF appears confident that it has beaten out the American and Swedish competition thanks to Sarkozy's diplomatic efforts. Moreover, Brazilian poloff Bruno de Lacerda Carrilho in Paris revealed on October 8 that Brasilia has been particularly receptive to such personal engagement at the Presidential level by France, posing the question of whether Obama would become personally involved. Marking his fifth visit to Brazil this year, Sarkozy is scheduled to travel to Manaus on November 26 for the Summit of Amazon countries and is expected to advance his broad political and commercial objectives with Brazil.

19. (C) Leveraging his personal rapport with Lula to advance the bilateral relationship, Sarkozy depicted the union as "a balanced partnership with two legs, one civilian and the other military. The military has progressed faster but the civilian will eventually win out." The two leaders have already signed off on the \$12 billion purchase of five submarines, four conventional and Latin America's first nuclear-propelled submarine, to be built in a new shipyard at Itaguai, as well as 50 military transport helicopters that will be assembled in Minas Gerais. (Comment: The conventional submarines incorporate U.S.-origin GE Marine engines.) At the same time, Brazil announced its intention to begin negotiations to purchase the 36 Rafale fighter jets which could increase the financial transaction to \$20 billion if the deal officially goes through. The French have from the start guaranteed to give the Brazilians Rafale software source codes that represent the very digital heart of the aircraft, a step we understand the others bidders were reluctant at first to take. After Lula complained to Sarkozy about the "absurd price" of the Rafales at \$80 million each, MFA sources state that the French president sent him a personal letter stressing French willingness to participate in the "unrestricted transfer" of technological intelligence" that the Brazilian Defense Minister Nelson Jobim had made known was a prerequisite for major arms deals in April. Labeled the "French comparative advantage," the technology transfer appealed to Brazil's desire to not only purchase the Rafale but to manufacture the aircraft in-country and possibly sell them throughout Latin America by 2030, stated the Brazilian pol-mil attache Marcus Rector Toledo Silva in Paris to poloff on September 11.

¶10. (C) According to Brazilian pol-mil attache Silva, the fighter jet saga was spurred by the release of the Brazilian National Defense Strategy in December 2008. He noted that the Brazilian Air Force has 110 jets dating from the 1970s and 1980s that are too old and outdated for a country whose needs include patrolling 5 million square miles of territory, 10.5 million miles of national border, and vast offshore oil platforms. Brazil's most modern aircraft are 12 French Mirage 2000s, purchased second-hand and approaching their retirement dates. By contrast, neighbors Chile and Venezuela have 29 F-16s and 24 Sukhoi 30s respectively, both representing the most advanced models available. With Hugo Chavez recently buying over \$3 billion in aircraft, tanks, and assault weapons from Russia, Brazil also seeks to enhance its regional military capabilities. Thus the deal brokered by Sarkozy was key for Dassault, bilateral defense ties, and boosting civilian sector trade over the long term. In the middle of all the media uproar however, two Rafale jets fell into the Mediterranean, provoking much discussion in the French and Brazilian press about the fact that the jets had never been sold outside of France. The crash also raised questions about why the Rafale's trade deal during the Moroccan fighter competition in 2008 fell through.

FRENCH CONTRIBUTION TO CREATING A MILITARY INDUSTRIAL COMPLEX

¶11. (C) As Lula has repeatedly stated, Brazil has ambitions of becoming a world power in the coming decades and believes the key is through the acquisition of certain technological and military autonomy. MFA contacts claim that unlike the U.S. relationship, France is ready to address Brazil's trade and technological development needs. Consequently, the recently signed bilateral agreements symbolize more than the purchase of armaments, commented Brazilian poloff de Lacerdo Carrilho. Rather, he stated that they denote the creation of the largest military industrial complex in the southern hemisphere for the emerging industrial superpower, home to the seventh largest oil reserves in the world and the largest area of natural biodiversity in the Amazon. In the last two years, Brazil has announced the discovery of huge offshore oil reserves called Pre-salt in ultra-deep waters in the Atlantic that could finance its rise to first world status, according to Lula. The country also has vast natural resources in timber, gold, and uranium in the Amazon, allegedly being exploited illegally by groups said to include the Revolutionary Armed Forces of Colombia (FARC). Brazil seeks to protect its riches and assert itself as a new military power and France is "ready to fully support Brazil as an emerging power," said MFA Assistant Secretary for the Americas Beton-Delegue to poloffs on October 7.

¶12. (C) Under Sarkozy, France has become a consistent champion of all Brazilian aspirations, backing efforts for Brazil's ascent to a permanent seat on the UNSC, a long-standing Brazilian ambition. France also voted for and strongly supported Rio de Janeiro to host the 2016 Olympics in early September and was one of the first countries to congratulate Brazil on its victory. MFA Brazil desk officer told poloff that as usual, Sarkozy had the foresight to develop good relations with Brazil, which is set to showcase two of the world's greatest sporting events with the 2014 World Cup final scheduled to be played in Rio. Embassy Brazil contacts in Paris believe that the Franco-Brazilian relationship is only getting started and envision an expansion of the civilian cooperation to possibly include industrial contracts for aerospace and transportation in the upcoming months, once the Rafale deal is concluded. Hinting at rumors that Brazil could buy as many as 100 French-made fighter jets, Brazilian poloff de Lacerdo Carrilho suggested that there is much more to come of the bilateral relationship, whether the F-X2 deal goes through or not.

¶13. (C) COMMENT: The deepening partnership with Brasilia provides France with greater entre into Latin America. A strategically symbiotic relationship, French interest in Brazil seems to benefit both countries. Lula's decision to back the purchase of French fighter jets indicates the deepening Franco-Brazilian relationship and demonstrates the

increasing political, diplomatic, and specifically commercial success of Sarkozy's courtship. Sarkozy is expected to shift into diplomatic overdrive in 2011 to boost his 2012 re-election campaign and can point to his foreign policy triumph with Brazil as an indication of his prowess. As the Brazilians continue to hold bidders in suspense over their fleet renovation project due to be finalized by the end of the year, look for Sarkozy to reappear in the southern hemisphere with his familiar calling card of military and civilian contracts. Post welcomes Embassy Brasilia's perspectives on this Paris-based assessment of the growing Franco-Brazilian relationship.

RIVKIN